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SUDBURY CONTACT

MINES LIMITED

FOR THE YEAR ENDED
DECEMBER 31, 1966

ANNUAL REPORT





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SUDBURY CONTACT MINES LIMITED

(Incorporated under the Laws of the Province of Ontario)

AS AT MARCH 31, 1967

Executive and Head Office	Suite 1101, 365 Bay Street Toronto, Ontario
Directors	WM. L. HOGARTH, JR. J. OSHEROFF PAUL PENNA RUPERT F. RIGHTON
Officers	PAUL PENNA, <i>President</i> J. OSHEROFF, <i>Vice-President</i> RUPERT F. RIGHTON, <i>Secretary-Treasurer</i>
Consulting Engineer	WALTER F. BROWN, B.Sc., P.ENG.
Transfer Agent and Registrar	Guaranty Trust Company of Canada Toronto, Ontario
Auditors	Thorne, Mulholland, Howson & McPherson Chartered Accountants Toronto, Ontario
Shares Listed	Toronto Stock Exchange
Annual Meeting	April 25, 1967, 11:00 in the forenoon (Toronto Time), Algonquin Room, Royal York Hotel, Toronto, Ontario

SUDBURY CONTACT MINES LIMITED

Directors' Report

To the Shareholders,
SUDBURY CONTACT MINES LIMITED:

The Directors of your company present the audited financial statements for the year ended December 31, 1966, along with the following summary of activities and property interests.

During 1966, your company continued its program of exploration and development at the Provincial Mining Property in the Cobalt Area, Ontario. For the most part, this work consisted of underground diamond drilling along with limited drifting, crosscutting, raising and stoping. A small tonnage of ore is being mined and stock-piled on surface and will be treated at the mill of Agnico Mines Limited.

The underground work was considered to have given this property a fair test, and although a modest tonnage of ore was developed and is now being extracted, nothing of real economic significance was discovered and the exploration program was accordingly terminated at the end of February, 1967.

Latterly in 1966, under an option agreement with Donrand Mines Limited, a limited diamond drilling program consisting of two holes, each about 600 feet in length, was carried out on the

Donrand property adjacent to the north of D'Eldona Mines in the Noranda Area, Quebec. Nothing of economic significance was encountered in this work and the agreement was subsequently terminated.

As noted in the 1965 Annual Report, your company has a 10% interest in the Dickson Yukon Prospecting Syndicate acquired at a cost of \$9,600. As a result of the agreement made between the Dickson Yukon Prospecting Syndicate and Dynasty Explorations Limited, Pelly River Mines Limited was incorporated to acquire the 127 claims held by the Syndicate in the Vangorda Area of the Yukon. In consideration of the sale of these claims, 750,000 treasury shares of Pelly River Mines Limited were issued to the Syndicate.

It is understood that Dynasty Explorations Limited carried out geophysical surveying on certain of these claims along with some surface diamond drilling during the past year. While nothing of economic significance was reported, it is considered likely that geological studies will be carried out during the current year. Dickson Yukon Prospecting Syndicate has the right to contribute towards any expenditures in excess of the agreed sum of \$100,000 to be spent by Dynasty Explorations Limited on the Pelly River Mines' claims. The Pelly River Mines' claims

extend over a northwest by southeast distance of about 12 to 14 miles, flanking the Vangorda Mines' property on the northwest and southeast, and extending northwesterly with the extreme point within about 3,000 feet of the Faro No. 1 deposit of Anvil Mining Corporation.

It is of interest to note that Anvil Mining Corporation, which was formed by Dynasty Explorations and Cyprus Mines to acquire and develop claims formerly owned by Dynasty in the Vangorda Area, recently announced tentative plans to bring its Faro Deposit into production with capital costs for the project estimated at approximately \$60 million. The decision to proceed with these plans is subject to certain conditions, among them being the construction of transportation facilities by the Federal Government.

In addition to the foregoing 10% interest in the Dickson Yukon Prospecting Syndicate, the Provincial Property, and various investment interests including 71,750 shares of Eagle Gold Mines Limited, your company continues to hold

a considerable number of patented claims in Fairbanks and Montgomery Townships, Ontario, which have been held over the years, plus a group of three patented claims in Big Duck Lake, Schrieber, Ontario.

As shown in the financial statements, working capital at the end of 1966 amounted to \$315,609. It is the intention of the company to pursue its policy of utilizing its financial and technical resources in mining exploration and investments.

It is with profound regret that we note the death during November, 1966, of the Hon. C. P. McTague, Q.C., who was elected a Director of the company at the last Annual Meeting.

On behalf of the Board of Directors,

"PAUL PENNA",

President.

March 31, 1967.

BALANCE SHEET — *December 31, 1966*

(with comparative figures for 1965)

ASSETS

CURRENT ASSETS:

Cash
Marketable securities, at lower of cost and market (market value 1966 \$366,830; 1965 \$618,011) ..
Receivable from brokers
Prepaid expenses

MINING CLAIMS AND PROPERTIES, at cost, and deferred exploration expenditures

FIXED ASSETS, at cost:

Equipment
Office furniture

Less accumulated depreciation

OTHER ASSETS:

Interest in prospecting syndicate, at cost
Unlisted and escrowed securities, at nominal value

LIABILITIES

CURRENT LIABILITIES:

Bank advances, against which certain securities have been pledged
Accounts payable and accrued liabilities

SHAREHOLDERS' EQUITY

CAPITAL STOCK:

Authorized:

6,000,000 shares, par value \$1 per share

Issued:

4,955,000 shares
Less discount

DEFICIT

SUDBURY CONTACT MINES LIMITED

(Incorporated under the Laws of the Province of Ontario)

AUDITORS' REPORT

*To the Shareholders of
Sudbury Contact Mines Limited:*

We have examined the balance sheet of Sudbury Contact Mines Limited as at December 31, 1966 and the statements of income, deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the aforementioned financial statements present fairly the financial position of the company as at December 31, 1966 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

THORNE, MULHOLLAND, HOWSON & MCPHERSON,
Chartered Accountants.

*Toronto, Canada,
February 2, 1967.*

1966	1965
	10,040
331,504	399,090
	55
1,795	2,406
333,299	411,591
1,276,206	1,184,457
21,006	19,028
1,526	1,526
22,532	20,554
8,312	3,958
14,220	16,596
9,600	9,600
1	1
9,601	9,601
\$1,633,326	\$1,622,245
8,747	
8,943	9,687
17,690	9,687
4,955,000	4,955,000
3,029,500	3,029,500
1,925,500	1,925,500
309,864	312,942
1,615,636	1,612,558
\$1,633,326	\$1,622,245

Approved on behalf of the Board.

PAUL PENNA, Director.

WILLIAM L. HOGARTH, Jr., Director.

SUDBURY CONTACT MINES LIMITED

STATEMENT OF INCOME

Year ended December 31, 1966

(with comparative figures for 1965)

	1966	1965
REVENUE:		
Interest and dividends	6,257	10,499
Profit on sale of marketable securities	11,400	15,668
	<u>17,657</u>	<u>26,167</u>
EXPENSES:		
Administration, office, and accounting	7,184	5,084
Shareholders' information	1,839	3,144
Legal and audit (including legal fees of \$2,500 in 1965 re participation in Cochenour Willans Gold Mines Limited financing)	1,931	7,154
Stock exchange filing fees		286
Transfer agent fees	913	1,139
Directors' fees	500	500
Interest and bank charges	1,342	189
Depreciation, office furniture	153	153
Miscellaneous	717	212
	<u>14,579</u>	<u>17,861</u>
NET INCOME FOR YEAR	<u>\$ 3,078</u>	<u>\$ 8,306</u>

STATEMENT OF DEFICIT

Year ended December 31, 1966

(with comparative figures for 1965)

	1966	1965
Deficit at beginning of year	312,942	313,232
Claims abandoned and written off		
Dalet township		1
Exploration expenditures thereon		8,015
	<u>312,942</u>	<u>321,248</u>
Net income for year	3,078	8,306
DEFICIT AT END OF YEAR	<u>\$ 309,864</u>	<u>\$ 312,942</u>

SUDBURY CONTACT MINES LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year ended December 31, 1966

(with comparative figures for 1965)

	1966	1965
FUNDS APPLIED:		
Exploration expenditures	91,749	50,653
Less depreciation, which does not involve an outlay of funds	4,201	3,806
	<u>87,548</u>	<u>46,847</u>
Purchase of equipment	1,978	19,028
Acquisition of Provincial Mining Property, Cobalt		7,000
Purchase of office furniture		1,526
Total funds applied	<u>89,526</u>	<u>74,401</u>
 FUNDS MADE AVAILABLE:		
By operations		
Net income for year	3,078	8,306
Add depreciation, which does not involve an outlay of funds	153	153
	<u>3,231</u>	<u>8,459</u>
Repayment of advances to affiliated company		2,199
Adjustment of value of unlisted and escrowed securities		1
Total funds made available	<u>3,231</u>	<u>10,659</u>
Decrease in working capital	86,295	63,742
Working capital at beginning of year	401,904	465,646
Working capital at end of year	<u>\$ 315,609</u>	<u>\$ 401,904</u>
 Current assets	333,299	411,591
Current liabilities	17,690	9,687
	<u>\$ 315,609</u>	<u>\$ 401,904</u>

SUDBURY CONTACT MINES LIMITED

MINING CLAIMS AND PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

Year ended December 31, 1966

(with comparative figures for 1965)

	1966	1965
Cost of mining claims and properties at beginning of year	1,016,476	1,009,477
Claims abandoned and written off:		
Dalet township		1
	<u>1,016,476</u>	<u>1,009,476</u>
Cost of asset acquired during year:		
Provincial Mining Property, Cobalt		7,000
Cost of mining claims and properties at end of year	<u>1,016,476</u>	<u>1,016,476</u>
Deferred exploration expenditures at beginning of year	<u>167,981</u>	<u>125,343</u>
Expenditures during year:		
Provincial Mining Property, Cobalt:		
Wages	30,288	18,074
Light and power	4,520	3,076
Royalties	2,000	2,000
Insurance and workmen's compensation	1,668	863
Cartage	1,326	
Road maintenance		374
Employee benefits	585	468
Drilling	21,599	8,738
Engineering and consulting fees	1,033	418
Depreciation, equipment	4,201	3,806
Supplies and tools	8,719	5,077
Fuel oils and explosives	2,574	281
Equipment rentals	4,050	631
Assays	2,627	448
Other	556	3,496
	<u>85,746</u>	<u>47,750</u>
Dalet township:		
Drilling		2,558
Donrand Mines working option:		
Drilling	5,055	
Consulting	600	
Other properties:		
General	348	345
	<u>91,749</u>	<u>50,653</u>
	<u>259,730</u>	<u>175,996</u>
Less exploration expenditures on claims in Dalet Township written off		8,015
Deferred exploration expenditures at end of year	<u>259,730</u>	<u>167,981</u>
Mining claims and properties and deferred exploration expenditures at end of year	<u>\$1,276,206</u>	<u>\$1,184,457</u>

